

M E M O R A N D U M
#2006-04

TO: Chief Fiscal Officers

FROM: Karen Field Rogers
Director of Financial Integration

DATE: August 18, 2005

SUBJECT: FY 2007 Salary and Health Insurance Reconciliations

Attached are the instructions for the FY 2007 Salary (Bud-500) and Health Care Reconciliations. As in previous years the BUD-500 report is to be used to document position and salary requirements based on the existing pay scale and classification requirements for each department. In conjunction with the salary reconciliation, we are asking agencies to reconcile health insurance funding. This process will identify problems and/or deficiencies within the department.

PLEASE NOTE: The Health Care Report is enclosed. The Health Care Report is also available on an Excel spreadsheet. The BUD-500 is not attached, but is available in Document Direct from PHRST under the report name of DEBUD500. The instructions and reconciliation forms are available on the Office of Management and Budget website at:
<http://www.state.de.us/budget/massmemos/massmemos.shtml>

Please keep in mind that the information contained in this report contains health plan enrollment and payment data which is protected health information due to the recently enacted privacy regulations of the Health Insurance Portability and Accountability Act. This report should be used, stored and disposed of in such a manner to maintain the confidentiality of this information.

If you would like to receive the Health Care Report in an Excel spreadsheet or if you have any questions, please contact Karen Field Rogers at (302) 739-3323.

The reconciliations are due along with the Budget Request on October 14, 2005. Please submit two copies of your Salary and Health Insurance Reconciliations to the Office of Management and Budget.

KFR:gsm
Attachments
cc: Fiscal and Policy Analysts

Salary Reconciliation Instructions

The Budget Projections of Salaries (BUD-500) process is to reconcile an agency's current complement and salary requirements to the budgeted salary dollars.

- The BUD-500 is organized by Department, APU, IPU and pay section or Department, APU and pay section. **The reconciliations should follow the organizational structure, i.e., one reconciliation for each IPU is preferred but may be completed at the APU level.**
- The BUD-500 will reflect position data in the PHRST system in effect through August 17, 2005.
- The BUD-500 displays job code, job description, position number, incumbent's name, salary plan, and pay grade in the description area. The Fiscal Year 2006 column displays the FY 2006 salary which the incumbent is expected to earn from July 1, 2005 through June 30, 2006. Remember that with lag payroll, one pay will be at the FY 2005 rate and the remaining pays will be at the FY 2006 rate.
- The Fiscal Year 2007 column displays the FY 2007 salary if the FY 2006 pay plan, existing classification and incumbent do not change. Your reconciliation should be completed using the second column (FY 2007).
- Verification of the position number, incumbent, pay grade and salary rate on the report is the first step. Vacancies are projected at 80 percent of the applicable pay scale and pay grade. If there is a vacancy in a position eligible for selective market, the selective market adjustment will need to be added. Other adjustments will be necessary when position and/or incumbent data is not in agreement or unavailable to provide the detail for a computer generated projection for FY 2007.
- Dual incumbencies only show the higher paid incumbent. Adjustments will need to be made for the other incumbent in the position.
- Adjustments to the report may include salaries that are in error on the report, positions that will be hired at above the 80% level, and dual incumbencies.
- Attachment I is an example of how the reconciliation should be completed. A blank salary reconciliation is also attached for your convenience.

Health Insurance Reconciliation

This process is to reconcile the current health insurance cost requirements of a department to the budgeted amount for health insurance.

- Enclosed are copies of the Report of Health Care for the last pay period in July 2005. The report has a different section for each health care plan. The plans are:
 - Basic
 - Comprehensive
 - Blue Care
 - Coventry
 - First State
- The reconciliation must follow the organizational structure, i.e., one reconciliation for each IPU.
- Although we are only requesting the reconciliation for General Funds, we strongly urge you to do the reconciliations for ASF and NSF.

Instructions for the Health Insurance Reconciliation

A Health Insurance Reconciliation form is included as Attachment II.

Line 1: Total -- Health Care Report. Multiply by 24 each plan's General Fund appropriation under the column titled "Employer" and record on the appropriate line. Add the plans together and record under the total column on the Reconciliation Form.

Line 2: Adjustments. Record any adjustments to the Report of Health Care. Examples of adjustments are as follows:

- Employees that have changed coverage status since the date of this report.
- Employees who have left state service or no longer have health insurance coverage.
- Current employees receiving health insurance that are not on the report.
- FY 2006 vacancies/new positions that will be filled during FY 2006, that will require FY 2007 funding. If your agency is requesting an adjustment for FY 2006 vacancies/new positions, indicate the number of vacancies/new positions as of July 1, and the number of positions you are requesting for a funding adjustment. The Office of Management and Budget recommends an annual health insurance adjustment of \$6,400 for each position. Do not include an inflation adjustment.

Line 3: Structural change. Record any structural changes that have been approved for FY 2006, but have not yet taken place. FY 2007 structural changes will occur through the FY 2007 budget process.

Line 4: Total Projected Requirement. Total of Lines 1 - 3.

Line 5: Budget Act. Record the health insurance total in the Budget Act and the annualization for new FY 2006 positions. This information can be obtained from BDIS and your Fiscal and Policy Analyst.

Line 6: Surplus/(Deficit). Record the difference between Lines 4 and 5.

Attachment I (Example)

**Salary Reconciliation
Department/APU/IPU 10-02-50**

1. Base Budget (Current Appropriation Act) for Salary Code 1004	\$736.1
2. Additional funds included in target (i.e. Salary portion of Contingency)	10.0
3. Sub Total (FTE Salary costs available)	\$746.1
4. Total General Fund Salaries from Budget Projections of Salaries report	\$863.1
Adjustments:	
5. ± Positions Transfers to/from other Internal Program Units/APUs (attach explanation)	24.5
6. - Board Members (if listed on report)	(5.0)
7. - Line Item Salaries (if listed on report)	(128.3)
8. ± Adjustments (attach explanation)	0.0
9. Sub Total of Salaries that are needed (Lines 4 through 8)	754.3
10. Difference (Line 3 minus 9)	(8.2)

Explanation:

Item #3: Position #01874 transferred from 10-02-50

Item #1: This BUD-500 contains former IPU:	10-02-40
	10-02-41

Salary Reconciliation
Department/APU/IPU _____

1. Base Budget (Current Appropriation Act) for Salary Code 1004 \$ _____
2. Additional funds included in target (i.e. Salary portion of Contingency) _____
3. Sub Total (FTE Salary costs available) \$ _____
4. Total General Fund Salaries from Budget Projections of Salaries report \$ _____
- Adjustments:
5. \pm Positions Transfers to/from other Internal Program Units/APUs _____
(attach explanation)
6. - Board Members (if listed on report) (_____)
7. - Line Item Salaries (if listed on report) (_____)
8. \pm Adjustments (attach explanation) _____
9. Sub Total of Salaries that are needed (Lines 4 through 8) \$ _____
10. Difference (Line 3 minus 9) \$ _____
11. Explanation:

Health Care Reconciliation
Department/APU/IPU _____

Total

- | | | |
|--------------------------------|---------------|-------|
| 1. Total -- Health Care Report | Basic | |
| | Comprehensive | |
| | Blue Care | |
| | Coventry | |
| | First State | _____ |

2. Adjustments

3. Structural Change

4. Total Projected Requirement (Total of line 1-3)

5. Budget Act + Target Annualizations

6. Surplus/(Deficit) (line 4 minus line 5)

Explain Adjustments: